

MINUTES

HOUSTON FIRST CORPORATION

BOARD OF DIRECTORS MEETING
April 15, 2021 – 3:00 P.M.
George R. Brown Convention Center – Room 320
1001 Avenida de las Americas
Houston, Texas 77010

The Board of Directors (“Board”) of Houston First Corporation (the “Corporation” or “HFC”), a Texas local corporation created and organized by the City of Houston as a local government corporation pursuant to TEX. TRANSP. CODE ANN. §431.101 et seq. and TEX LOC. GOV’T. CODE ANN. §394.001 et seq., held a meeting at George R. Brown Convention Center, 1001 Avenida de las Americas, Houston, Harris County, Texas, 77010, on Thursday, April 15, 2021, commencing at 3:00 p.m.

Written notice of the meeting including the date, hour, place and agenda for the meeting was posted in accordance with the Texas Open Meetings Act.

The following Board members participated in the meeting: David Mincberg (Chair), Sofia Adrogué, Elizabeth Brock, Nicki Keenan, Reginald Martin, Ryan Martin, Alex Brennan-Martin, Paul Puente, Bobby Singh, Gerald Womack, Jay Zeidman, Mayor Pro-Tem, Dave Martin, Ex-Officio, and Council Member David Robinson, Ex-Officio. Also, in attendance was Council Member Michael Kubosh.

The Chairman of the Board called the meeting to order at 3:03 p.m. and a quorum was established.

1. **Public Comments.**

William “Bill” Franks addressed the Board on behalf of Texas Hospitality Partners (THP). Mr. Franks discussed the challenges faced by the entire hotel and hospitality industry as a result of the global pandemic. He said that THP has been unable to secure financing for the W Hotel and is now working with Jones Lang LaSalle. Mr. Franks stated that THP is committed to moving forward with development.

Bobby Singh requested that management provide a high-level report on the status of the W Hotel Project at the next meeting.

2. **Review and approval of minutes from prior meeting.**

Gerald Womack and Bobby Singh noted that the minutes of March 25, 2021 did not include important statements made by them regarding diversity participation that should be on the record and requested that the minutes be amended.

Following a motion duly seconded, the meeting minutes of March 25, 2021 were approved, subject to the inclusion of certain statements made by Gerald Womack and Bobby Singh regarding diversity.

3. **Presentations and Reports.**

The Chairman introduced Chief Financial Officer, Frank Wilson, to provide a brief presentation prior to moving forward with the meeting agenda.

Frank Wilson recognized HFC team members, Stephany Bland, Constantino Dino, Donald Brown, Roksan Okan-Vick, and Dey Rodriguez for their tremendous effort in recovering \$122.5 million of FEMA and state recovery reimbursements related to Hurricane Harvey. He further explained that the recovered amount represents over 80% of HFC's expenditures for the \$153 million Hurricane Harvey recovery project.

Elizabeth Brock stated that she is thrilled to participate in the Board Meeting in-person and, in an otherwise difficult financial year for HFC, she is excited for the wonderful news and thanked HFC team members for all the work they have accomplished.

Bobby Singh stated that he is very passionate about the Board being champions of the organization and is grateful that management shared the wonderful news in a public forum so that staff could be properly recognized.

Gerald Womack stated that Board Members rarely get to see the faces behind the scenes and thanked the HFC team for their hard work and commitment.

The Chairman stated that, in evaluating the magnitude of the figures, it is easy to lose sight of the bigger picture about how vital the recovery of those funds are to the survival of the organization. He also recognized Frank Wilson for his tremendous leadership. He then relinquished the floor to Council Member Michael Kubosh.

Council Member Kubosh stated it is very wise to have Ex-Officio City Council members serve on the HFC Board. He also stated that he was glad to attend HFC's first in-person meeting in a long time and to see so many familiar faces, including his cousin, HFC General Counsel, Lisa K. Hargrove. He also stated that he was glad to hear that Michael Heckman was named HFC Acting President & CEO and, despite the troubling times the organization is facing, he said he is confident that a lot of fine choices were made in selecting members of the HFC Board. Council Member Kubosh concluded his remarks by extending his blessings and support to HFC.

A. Legislative Update. HFC Vice President of Public Affairs, Jonathan Newport, gave a brief report. He said the State budget was recently passed by the Senate and both film incentives and tourism are fully funded in the amounts of \$45 million and \$130 million, respectively. The House, he added, may consider amendments to the 2022-2023 biennium, but Mr. Newport explained this is very good news for HFC. He then stated that a task force was formed to find ways to enhance the destination and allow for alcohol to-go in limited areas identified as entertainment zones. He noted that the legislature has formalized a bill and, if it is signed into law, alcohol to-go will be allowed on Avenida Houston to the benefit of stakeholders. Mr. Newport also informed the Board that he is closely tracking a number of bills that could negatively impact the perception of Texas and is working to educate lawmakers on the adverse impact on a

number of constituents. Additionally, he continues to monitor bills related to HFC's core business such as hotel occupancy taxes (HOT) and the ease of restrictions for general government.

Jay Zeidman discussed the political controversy surrounding new voting laws in Georgia and the potential impact on business should Texas follow suit. Mr. Newport confirmed that there has been no impact at this time based on discussions with the Sales team.

HFC Acting President & CEO, Michael Heckman, explained that management has been closely monitoring the situation for some time and HFC's position is the same as many other industry groups, which is that negative legislation makes it harder to do business.

Reginald Martin asked if lawmakers have viewed this matter as a job issue, considering Texas and Houston are still leading in unemployment numbers based on data provided by the regional workforce commission. Mr. Newport concurred and explained that he continues to educate lawmakers on the human impact of legislation.

Nicki Keenan also confirmed she has not encountered any negative feedback from guests at this time, but discussed her experience in dealing with the "bathroom bill". She also asked for further information regarding Texas film incentives.

Executive Director of the Houston Film Commission, Alfred Cervantes, explained that Texas will continue to be less competitive than other states because the program is restrictive and based on a rebate/grant system compared to other states that offer federal tax credits.

Gerald Womack stated that the passing of any negative legislation will make a many people angry and organizations that have come to Houston in the past, such as Alpha Kappa Alpha and Delta Sigma Theta, will not return to Texas. He stated HFC should use whatever power it has to work with lawmakers to let them know the impact this legislation can have on Houston.

The Chairman echoed the comments of the Board and stated he was in North Carolina shortly after the passing of the "bathroom bill" and it certainly had an impact on business. He further explained that this matter is about jobs and encouraged all Board Members who have relationships with members of the Texas legislature to contact them.

Elizabeth Brock asked if the Greater Houston Partnership (GHP) has weighed in on this matter. Council Member Dave Martin confirmed that the GHP has remained neutral. Ryan Martin asked if HFC has issued a position and the Chairman stated that HFC is unequivocally opposed.

- B. Houston First Chairman Report. The Chairman expressed his excitement at hosting the first in-person Board Meeting since the onset of the COVID-19 pandemic. He stated that HFC has turned a corner and the same can be said by many others in the hospitality business. He also praised management for their efforts during this difficult time and their ability to prepare for a return to business. The Chairman further explained that it's time for HFC to refocus its attention on a long-term strategy for what

the organization will look like in the next five-to-ten years. As a result, he said he has asked Roksan Okan-Vick, Jay Zeidman, and Ryan Martin to oversee an ad hoc committee that will report to the Chairman bi-weekly.

- C. Houston First Acting President & CEO Report. Michael Heckman informed the Board that he recently attended a conference of leading tradeshow CEOs, and they are very bullish about business through the end of the year. He said this is consistent with the trends for HFC, as the Sales team continues to handle inquiries for the relocation of events from other states this year. He added that HFC is also in the early stages of an initiative to create a unified brand for Houston. Mr. Heckman then introduced Vice President of Market Strategy, Cindy Decker, to provide a brief market update.

Ms. Decker stated that travel sentiment continues to trend upward and as many as 87% of U.S. travelers want to travel within the next six months. She also provided data from the Houston Airport System that reflects an upward trend, despite being down 40% year-over-year. According to Ms. Decker, Houston hotels are beating occupancy trends for the Top 25 markets and the U.S. average. Ms. Decker predicts continued improvement with a number of great conventions that will be hosted this summer.

Mr. Heckman then discussed the activity on Avenida Houston that has helped to reactivate downtown Houston. He reviewed various art displays at Partnership Tower and thanked HFC Cultural Programs Manager, Christine West, for curating artistic works with talented local artists. He then announced the Construction Kick-Off Ceremony for Lynn Wyatt Square for the Performing Arts will be held on May 14, 2021 at 10:00 A.M. and Board Members will receive formal invitations soon.

He then continued with updates and stated that parking revenues are still down, but numbers improved in March due to the Houston Astros. Additionally, he said, Miller Outdoor Theatre will begin hosting live performances again on May 1 with increased safety protocols in place. He then asked Senior Vice President of Tourism and Industry Relations, Jorge Franz, to provide a brief update.

Mr. Franz began his presentation with an update on the Mexico market, which he said is experiencing the highest level of growth in nearly 20 years. He noted that Houston has recovered 72% of Mexico's capacity and currently six airlines offer flights to 21 destinations in Mexico. He mentioned that a lot of uncertainty with international travel to Europe and Asia remains, so the Tourism team will continue to focus attention on Mexico by leveraging the Hola Houston website. Lastly, he discussed the increase of sales on the Houston Experience Marketplace due to the use of additional distribution partners and the creation of exclusive experiences.

Mr. Heckman then asked Alfred Cervantes to provide a brief update on the Houston Film Commission.

Mr. Cervantes stated that there has been a steady increase in film productions since January 2021 and he continues to help filmmakers with location assistance and all other on-the-ground support. He also explained that, while film incentives play an important role in the production of big feature films, commercials from stores like HEB play an important part in the Houston film market.

Mr. Heckman then asked Chief Marketing Officer, Holly Clapham, to provide a brief Marketing update.

Ms. Clapham explained that, in 2009, the Marketing team gathered local chefs to expose Houston culture through culinary tours and they continue to highlight the diversity of the culinary industry. Marketing, she said, has now moved to an editorial focus and recently launched “H-Town Bites,” a journey through farm-to-table in Houston.

She also discussed HFC’s partnership with the University of Houston (UH) to host the NCAA watch parties. In 2017, according to Ms. Clapham, Houston became the first convention center to have a television station with the addition of the KHOU Avenida Studio. She explained that the entities worked together to host NCAA watch parties on Avenida Plaza though, due to the COVID-19 pandemic, CBS legal created corporate parameters that would not allow UH to be affiliated with any organization. She said that UH agreed to bear the liability and a strong partnership with HFC will continue in perpetuity.

Ms. Clapham said Marketing has also entered into an editorial partnership with Instagram that will launch in June called “The Land of Milk and Honey” that will highlight the Nigerian population. Content creators, she explained, will spend three days in Houston highlighting culinary, lifestyle, and family. Instagram has a monthly viewership of one billion in the U.S., so the Marketing team is very excited about this partnership.

Mr. Heckman stated that he is also excited to see the stories generated by Instagram and informed the Board that a collection of media stories is also available as part of the Board materials. Mr. Heckman concluded his report by stating that he is happy to meet in-person and hopes to meet with Board Members individually as more people continue to get vaccinated.

Sofia Adrogué stated she recently attended the Museum of Fine Arts Mural Tour with Gonzo24/7 and he had wonderful things to say about HFC and Ms. Clapham helping him grow as an artist.

Bobby Singh asked that when management begins the 2022 budget process they consider compensating those employees that have done a phenomenal job. Mr. Heckman stated that HFC would not be able to do the work it does without retaining great talent so it is something they will look into.

Gerald Womack thanked staff for highlighting Houston’s rich community. He also encouraged Marketing to highlight local hotspot, the Turkey Leg Hut. Ms. Clapham stated that the Marketing team did a 30 second video on the restaurant when it first opened and the video generated 330,000 views overnight. Mr. Womack also requested that Marketing include Texas Southern University in its video content, in addition to UH.

- D. Financial Update. Alex Brennan-Martin made brief remarks as Chair of the Benefits, Finance, and Compensation Committee before relinquishing the floor to Frank Wilson.

Mr. Wilson announced that the Small Business Administration approved the Hilton Americas-Houston Hotel for a loan in the amount of \$2.6 million through the Paycheck Protection Program (PPP). He then discussed HFC's major revenues and expenses that are down slightly for HOT, GRB rental, and GRB food and beverage. He noted that there was a slight increase in parking revenues in the Avenida garages and a slight decrease in Theater District parking. According to Mr. Wilson, the projected HOT forecast for the year is \$49 million, but he is hopeful HFC will collect \$54 million. He noted that there has been a reduction in Hilton net cash, but said the hotel will do a budget reforecast for the second half of the year and anticipates there will be an increase in cash based on the strength of group business. He noted that HFC's bond rating remains stable, so the organization will do a refunding this year that could save HFC approximately \$5.5 million dollars.

Reginald Martin thanked Mr. Wilson for his report. He then asked if management has reached out to its small business vendors to ensure they are ready to return to business and meet critical staffing needs. Mr. Wilson stated that he has left that to Levy, but he can report back with more information.

The Chairman stated he is proud of what he has heard and seen by management who has worked together as a team during this crisis and he is very excited for what lies ahead. Nicki Keenan echoed the comments of the Chairman and stated that she is very proud of the grit and determination of management who is fortunate to be in Texas, where tourism is very much alive.

4. **Adjournment**. The meeting was adjourned at 4:57 p.m.